S. HRG. 98-701

# U.S. TRAVEL AND TOURISM ADMINISTRATION AUTHORIZATION

## HEARING

BEFORE THE

SUBCOMMITTEE ON
BUSINESS, TRADE, AND TOURISM

COMMITTEE ON COMMERCE, SCIENCE,
AND TRANSPORTATION
UNITED STATES SENATE

NINETY-EIGHTH CONGRESS

SECOND SESSION

ON

**S. 2520**

TO PROVIDE AUTHORIZATION OF APPROPRIATIONS FOR THE UNITED STATES TRAVEL AND TOURISM ADMINISTRATION, AND FOR OTHER PURPOSES

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**Serial No. 98-66**

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Committee on Commerce, Science, and Transportation

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# U.S. TRAVEL AND TOURISM ADMINISTRATION AUTHORIZATION

FRIDAY, APRIL 6, 1984

U.S. SENATE,
COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION,
SUBCOMMITTEE ON BUSINESS, TRADE AND TOURISM,
*Washington, D.C.*

The subcommittee met, pursuant to notice, at 9:55 a.m., in room SR-253, Russell Senate Office Building, Hon. Larry Pressler (chairman of the subcommittee) presiding.

Staff members assigned to this hearing: Dennis Phelan and Charlie Faust, professional staff members; and John Hardy, minority staff counsel.

## OPENING STATEMENT BY SENATOR PRESSLER

Senator PRESSLER. We are here today for a hearing on S. 2520, a bill to authorize the U.S. Travel and Tourism Administration for fiscal year 1985.

This bill provides for $14 million for the agency for next year. It also creates six domestic regional offices for the U.S. Travel and Tourism Administration. These offices would be housed in the quarters of the U.S. Commercial Service in the six cities which have been chosen.

In addition to the regional offices, the bill calls upon the State Department and the U.S. Travel and Tourism Administration to coordinate a plan whereby employees of the State Department at our embassies abroad would be trained by USTTA to provide tourism information to the citizens of the host country. The idea here is to use our presence in these countries to try to boost tourism in the United States.

I have spoken with both the Secretary of State and the Under Secretary for Travel and Tourism about this matter during past hearings and they have agreed that this would be beneficial.

Last, as you are all aware, the Senate passed S. 212, which provided a 3-year authorization for the U.S. Travel and Tourism Administration. Unfortunately, the House never acted on this measure and the agency is without an authorization at the moment.

My reason for pursuing a new authorization bill is that I am hopeful that this renewed effort will spur my House colleagues to act in this important area. It is critical that Congress regularly demonstrate support for USTTA and reauthorization legislation is the best way of accomplishing this objective.

Senator Inouye has an opening statement which will be placed in the record.

[The statement and bill follow:]

OPENING STATEMENT BY SENATOR INOUYE

In the first session of this Congress the Senate passed legislation which authorized $14 million for FY 1985 for the United States Travel and Tourism Administration. That bill, S. 212, has not been acted upon by the House, so I commend the distinguished chairman of the subcommittee for his persistence in introducing S. 2520.

While I strongly support this funding level in S. 2520, I have serious reservations about the present need for the other provisions. Specifically, those which would establish 6 United States Travel and Tourism Regional Liaison Centers throughout the United States to provide technical assistance to State Tourism offices so that they may promote international travel and tourism more effectively; and serve as liaison between the State offices and USTAA.

The concept of providing technical assistance to the states and coordinating their efforts with those of the USTTA has a good deal of merit, in my judgment. As a practical matter, however, there are relatively few states sufficiently committed to international tourism at this time to warrant the creation of 6 regional offices to assist their efforts, and that is understandable. The meager funds appropriated to State tourism offices must be spent to promote where the cost-benefit ratio is greatest, and that means in neighboring states and adjacent regions. For example:

Twenty-nine States spend $1,000 or more to promote international tourism. The State of Kansas is low with $1,000, and the State of Florida is high with $1.46 million. The total for the entire 29 States is $3.45 million.

Twenty-one States promote in Canada; 13 promote in the U.K., and the number of States which promote in other countries gets progressively smaller.

Under Senator Pressler's bill, for example, the USTAA Regional Office to be located in St. Louis, Mo., would be responsible for Missouri, Kansas, Iowa, Michigan, Indiana, Wisconsin, Illinois, Kentucky, Ohio, and Arkansas. In the year 1982–83 those States budgeted the following amounts to promote international tourism:

| | |
|---|---|
| Missouri | 0 |
| Kansas | $1,000 |
| Iowa | 0 |
| Michigan | 0 |
| Indiana | 0 |
| Wisconsin | 3,000 |
| Illinois | 0 |
| Kentucky | 0 |
| Ohio | 0 |
| Arkansas | 0 |

It seems to me that what Federal technical assistance is now required by the very modest international promotional efforts of 29 States can be adequately provided by the existing USTTA staff in Washington and abroad.

Until such time as a significant number of States make a substantial effort to promote international tourism, I fail to see how Federal assistance and coordination requires the creation of 6 regional offices throughout the country. USTTA would be required to hire several more people, and there would not be enough work to keep them busy. Appended to my statement is a table showing what each of our 50 States budgeted for international tourism promotion during fiscal year 1982–83.

The primary mission of USTTA is to sell the United States in international travel markets through its regional offices located in Canada, Mexico, England, Europe, and Japan.

International promotion is highly competitive, and USTTA has been chronically underfunded vis-a-vis its competitors. In my view therefore, we should be very reluctant to divert any of the agency's meager resources from that primary task.

At the appropriate time during the committee's consideration of S. 2520, I propose to offer an amendment in the nature of a substitute which would:

Authorize $14 million for fiscal year 1985.

Create 1 regional USTTA office in Rapid City, South Dakota. It would be a pilot project, and ideally it would motivate the States within the region it serves to increase their budgets for international promotion.

If it is successful, Congress could authorize the remaining 5 offices at a later date.

Authorize 3 additional USTTA offices in Australia, Italy, and the Netherlands. According to draft reports being circulated by the private sector international mar-

keting plan development committee these 3 markets are highly viable, and worthy of attention from USTTA.

*Fiscal years 1982-83 International Promotion Budgets—States*

| | |
|---|---|
| Portland: | |
| Oregon | $3,000 |
| Washington | 350,000 |
| California | 0 |
| Nevada | 0 |
| Idaho | 0 |
| Hawaii | 400,000 |
| Alaska | 371,000 |
| Alburquerque: | |
| New Mexico | 30,000 |
| Utah | 25,000 |
| Arizona | 77,000 |
| Colorado | 0 |
| Oklahoma | 71,300 |
| Texas | 146,675 |
| Rapid City: | |
| South Dakota | 17,037 |
| Montana | 30,000 |
| Wyoming | 15,000 |
| North Dakota | 5,000 |
| Nebraska | 4,000 |
| Minnesota | 3,165 |
| St. Louis: | |
| Missouri | 0 |
| Kansas | 1,000 |
| Iowa | 0 |
| Michigan | 0 |
| Indiana | 0 |
| Wisconsin | 3,000 |
| Illinois | 0 |
| Kentucky | 0 |
| Ohio | 0 |
| Arkansas | 0 |
| Columbia: | |
| South Carolina | 279,800 |
| Louisiana | 62,000 |
| Alabama | 6,875 |
| Florida | 1,046,000 |
| Georgia | 27,000 |
| North Carolina | 30,000 |
| Tennessee | 0 |
| West Virginia | 0 |
| Mississippi | 0 |
| Hartford: | |
| Connecticut | 0 |
| Delaware | 0 |
| New Jersey | 0 |
| Pennsylvania | 10,000 |
| New York | 300,000 |
| Massachusetts | 0 |
| New Hampshire | 0 |
| Maine | 35,000 |
| Rhode Island | 3,712 |
| Vermont | 93,000 |
| Washington, D.C.: | |
| District of Columbia | 0 |
| Maryland | 5,000 |
| Virginia | 0 |
| Total State international promotion budget: 29 States | 3,450,564 |

AMENDMENT TO S. 2520

Strike sections 3 and 4 of the bill and substitute the following:

SEC. 3. (a) The Secretary of Commerce shall establish a pilot program to determine the feasibility of establishing Regional Liaison Centers for the United States Travel and Tourism Administration throughout the United States. The purpose of such Regional Liaison centers shall be to—

(1) provide technical assistance to tourism offices of States within the region served by the Center so that such States may promote travel and tourism more effectively; and

(2) serve as liaisons between such State offices and offices of the United States Travel and Tourism Administration both in Washington, D.C. and in foreign nations.

(b) The Regional Liaison Center for the pilot program shall be located in Rapid City, South Dakota and shall serve the States of Montana, Wyoming, North Dakota, South Dakota, Nebraska, and Minnesota.

SEC. 4. No later than January 1, 1985, the Secretary of Commerce shall establish offices of the United States Travel and Tourism Administration in Italy, the Netherlands, and Australia. Such offices shall be:

(1) in addition to rather than in lieu of any offices of the United States Travel and Tourism Administration that existed in foreign nations on April 1, 1984;

(2) staffed by employees of the United States Travel and Tourism Administration at a level that is at least commensurate with the staffing levels that existed on April 1, 1984 at other offices of the Administration located in foreign nations; and

(3) funded by the United States Travel and Tourism Administration at a level at least commensurate with the funding levels that existed on April 1, 1984 at other offices of the Administration located in foreign nations.

II

98TH CONGRESS
2D SESSION

# S. 2520

To provide authorization of appropriations for the United States Travel and Tourism Administration, and for other purposes.

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IN THE SENATE OF THE UNITED STATES

APRIL 2 (legislative day, MARCH 26), 1984

Mr. PRESSLER introduced the following bill; which was read twice and referred to the Committee on Commerce, Science, and Transportation

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# A BILL

To provide authorization of appropriations for the United States Travel and Tourism Administration, and for other purposes.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That this Act may be cited as the "International Travel Act of 1961 Authorization Act of 1984".

SEC. 2. Section 304 of the International Travel Act of 1961 (22 U.S.C. 2126) is amended by inserting immediately after "1982" the following: ", and not to exceed $14,000,000 for the fiscal year ending September 30, 1985".

SEC. 3. The Secretary of Commerce shall establish a field office of the United States Commercial Service (within

the International Trade Administration) in Rapid City, South Dakota.

SEC. 4. (a) The Secretary of Commerce shall establish six Regional Liaison Centers for the United States Travel and Tourism Administration. Such Centers shall be located at field offices of the United States Commercial Service, and shall serve particular regions of the country, as specified in subsection (b) of this section.

(b) Staff for such Centers shall be provided from employees of the United States Travel and Tourism Administration. The Centers shall—

(1) provide technical assistance to tourism offices of States within the region which the Center serves, so that such States may promote travel and tourism more effectively; and

(2) serve as liaison between such State offices and offices of the United States Travel and Tourism Administration both in Washington, D.C. and in foreign nations.

(c)(1) The locations and regions for such Centers shall be as follows:

(a) Portland, Oregon, for the West Region, which shall include Washington, Oregon, California, Nevada, Idaho, Hawaii, and Alaska;

(b) Albuquerque, New Mexico, for the Southwest Region, which shall include Utah, Arizona, New Mexico, Colorado, Oklahoma, and Texas;

(c) Rapid City, South Dakota, for the North Central Region, which shall include Montana, Wyoming, North Dakota, South Dakota, Nebraska, and Minnesota;

(d) St. Louis, Missouri, for the Midwest Region, which shall include Kansas, Missouri, Iowa, Michigan, Indiana, Wisconsin, Illinois, Kentucky, Ohio, and Arkansas;

(e) Columbia, South Carolina, for the Southeast Region, which shall include Louisiana, Alabama, Florida, Georgia, South Carolina, North Carolina, Tennessee, West Virginia, and Mississippi; and

(f) Hartford, Connecticut, for the Northeast Region, which shall include Delaware, New Jersey, Pennsylvania, New York, Connecticut, Massachusetts, New Hampshire, Maine, Rhode Island, and Vermont.

(2) The offices of the United States Travel and Tourism Administration located in Washington, D.C., shall perform the functions specified in subsection (b) of this section with regard to the States of Maryland and Virginia, and the District of Columbia.

SEC. 5. The Secretary of Commerce, in consultation with the Secretary of State, shall establish procedures to ensure that at least one employee in each United States embassy located in a foreign nation is provided with all necessary training and materials to effectively promote travel to and within the United States. Such training and materials shall be provided by the United States Travel and Tourism Administration.

Senator PRESSLER. With that, let us proceed to hearing from our first witness, Under Secretary Donna Tuttle of the U.S. Travel and Tourism Administration, and we welcome you here.

**STATEMENT OF HON. DONNA F. TUTTLE, UNDER SECRETARY FOR TRAVEL AND TOURISM, DEPARTMENT OF COMMERCE**

Ms. TUTTLE. Thank you, Mr. Chairman. I would like to read a summary of my testimony.

Mr. Chairman and members of the subcommittee, I appreciate the opportunity to appear before you today on S. 2520, an authorization bill for fiscal year 1985 for the U.S. Travel and Tourism Administration. With your permission I will summarize my testimony and request that the full text be included in the record.

This administration recognizes that tourism is important to the economy and is a Federal priority. Tourism is one of the most important sources of jobs in the economy. Services account for an increasingly larger share of our export earnings, and tourism is one of our most important service exports.

Although tourist arrivals from abroad were down in 1983, our international tourism revenues remained at the $13.8 billion level, thus making it the number one business services export.

Based on the Nation's economic position and the trade deficit, the administration is proposing that USTTA's principal goals for fiscal year 1985 will be to expand export earnings from sales of tourism-related services, to increase the U.S. share of world international tourism and transportation receipts, and to reduce the international trade deficit.

The authorization for fiscal year 1985 is requested in order to operate six regional offices and an International Congress office abroad and to maintain a presence in 15 special markets. The authorization will also enable the U.S. Travel and Tourism Administration to provide trade and consumer support.

Moreover, those funds will provide media services and product familiarization. These funds will also be used for market research and program evaluation and sharing continuation of the in-flight survey of international air travels and the publication of visitor arrival reports. The funds will enable a continuation of the port reception activities in 15 major U.S. ports of entry.

In fiscal year 1985, the U.S. Travel and Tourism Administration will seek to develop more cooperative programs with the private sector, States, cities, and regions and to recruit paying subscribers to underwrite the cost of research reports.

For the second successive year, foreign travel to the United States declined by 2 percent, lowering the U.S. share of global arrivals from 7.7 percent to 7.5 percent in 1983. A 1-percent decline in U.S. travel receipts from foreign visitors reduced the U.S. share of worldwide travel spending from 12 percent to 11.7 percent.

Promoting U.S. services and improving worldwide conditions for international service business are top priorities of the administration's international trade program. One of the fastest growing and most critical service sectors is international trade in tourism.

In this regard, the basic priority of USTTA for fiscal year 1985 is to improve the Nation's trade in tourism position. Thus, we will

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concentrate in those foreign markets which have the greatest potential for increasing foreign visitor receipts.

Senator PRESSLER. Thank you. I guess our tourism is down a little bit. You mentioned foreign travel declined by 2 percent, and maybe that is largely because of the stronger dollar, but the third point there, increased competition in the international marketplace, what does that mean?

Ms. TUTTLE. More countries are spending more money and even more countries are entering into the competitive world market.

Senator PRESSLER. A longstanding goal of mine has been to enhance our Federal commitment to the travel and tourism industry. I have said many times that our budget for travel and tourism is inadequate, particularly compared to the expenditures of most of our Western competitors.

I was pleased to see a great increase in the USTTA's budget appropriation for fiscal year 1984. Tell me, what programs and services have you been able to create or expand this year due to the dramatic increase in your budget, and do you not feel that a reduction in funding from $12 million to $8.6 million would cause you to cut back many of these new or improved programs?

Ms. TUTTLE. One of the programs which we have begun in fiscal year 1984 with the increased budget was to completely redesign our brochure program. This has not been done since 1977, and we are completely redesigning the regional brochures for the United States. We will also be creating a film on the United States again something we have not done since 1977.

We will be coordinating our indepth research program that provides the characteristics of the international visitor in five of the major markets. We also have been able to expand our promotional activities in all of the markets, but with special emphasis on Germany and Japan and with an emphasis on the special markets of Australia and the Netherlands.

Some of those programs are a one-time program and so under the $8.6 million budget that we are now proposing, we will not need to repeat those programs. For instance, the brochure supply will be able to last through fiscal year 1985. We will also have the film, which was a one-time expenditure. Some of the research program will be a one-time expenditure.

Where we will be a little more limited will certainly be in some of the promotional activities in Japan and Germany under the $8.6 million.

Senator PRESSLER. So you feel your $8.6 million will be adequate to carry out your programs?

Ms. TUTTLE. With $8.6 million, I will carry out the most effective programs I can. I know we are all aware of the budget deficit. I think my main responsibility is to carry out the most effective programs possible within the budget request.

Senator PRESSLER. As you are aware, the national travel survey was terminated several years ago. The survey provided important statistical data on the tourism industry. What benefits would the USTTA derive if the national travel survey were reinstated?

Ms. TUTTLE. We think it would be a tremendous benefit if the national travel survey were reinstated. I met with the Assistant Secretary in the Transportation Department and I raised that subject

and asked that if we could get it going again would Transportation be interested in cofunding that proposal.

He was going to go back this week and see what Transportation's view would be on it. If there was some interest I thought I would go to other participants and to Census, and see if we could reinstate the survey, because it gives us a great deal of information.

Senator PRESSLER. If your appropriation for fiscal year 1985 is $8.6 million as requested, the USTTA would be operating on a budget about 30 percent smaller than this year's budget. Have you given any consideration to whether you could eliminate specific programs or simply cut back programs across the board?

Ms. TUTTLE. I cannot be too specific because we need to discuss that with the regional directors in relation to the markets at the appropriate times. The directors will be in the United States in May during the Discover America International Pow-Wow and will be presenting their proposals for fiscal year 1985 at that time.

We have some choices to make—whether we want to put some of the money in advertising, promotional ventures, or whether we want to keep reproducing literature. We will be looking at all of the options.

Senator PRESSLER. In your testimony you mentioned that your requested budget will enable the USTTA to counter the competitive efforts of other national tourism organizations. While I admire the job the USTTA does with its limited resources, I have to believe it will be difficult to compete with other national tourism organizations when other countries have vastly larger budgets for tourism promotion.

For instance, we heard from this committee's Tourism Advisory Council the other day that Britain is now spending a total of $80 million a year for international tourism promotion. To me it is no wonder that our share of the international travel market has declined. How can we improve or preserve our position in the international travel market when we are so badly outspent?

Ms. TUTTLE. I also read about the British market and I was impressed with their increased funding and support. One of the ways I think that we can have greater effect in the markets is to encourage better coordination among those U.S. products that are already out in the marketplace, and hopefully, to encourage others to also enter the international markets.

I hope that we can have better coordination. We are working on setting up a plan to coordinate cities, States, and U.S. industries with our efforts in the overseas markets.

Senator PRESSLER. According to Joseph Wright of the Office of Management and Budget, one reason that the USTTA budget has been held down in recent years has been a lack of a comprehensive marketing plan. I am very pleased that the travel and tourism industry has undertaken the task of preparing an international marketing plan for the USTTA.

I might add that the plan's development committee is made up of truly outstanding industry leaders and that they have devoted great amounts of time and effort to the preparation of the plan.

In what ways do you think the plan can be valuable to your agency, and do you think your friends at OMB are likely to be sympathetic to the plan's funding recommendations?

Ms. TUTTLE. I have met several times, especially in the last month, with different members of that subcommittee on the international marketing plan and in fact two of the members were in my office last Monday. We discussed that the plan would be presented and finished by the end of this month.

At that time I would like to sit down with a small group of industry leaders and my staff and go through the plan and see what can be applied to our agency. I am looking forward to receiving their ideas and will go through it and adapt it to the budget that we have and to the goals that we all want to pursue.

Senator PRESSLER. I am very concerned about our country's international balance of payments. You mentioned reducing the international trade deficit as one of your principal goals for 1985. Do tourism revenues have a significant effect on our international trade balance?

Ms. TUTTLE. I am sorry. I did not hear the last sentence.

Senator PRESSLER. I am sorry. Do tourism revenues have a significant effect on our international trade balance?

Ms. TUTTLE. Yes, they do. Unfortunately, we had a deficit in 1983, as we did in 1982. It was $5.9 billion. And so this does concern us and it does affect the balance of payments.

Senator PRESSLER. Yes. That is one thing. We sort of have a dilemma here in the sense that of course I am for a balanced budget, too, but the budget actually was higher in the late 1970s, I believe, and if Senator Inouye were here—who has done such a good job—he would be able to say.

But we kind of have a dilemma here in that increasingly we are going to have a tough time in the international trade area. Tourism is really an area that we can make it up to a certain extent, and if you have some more statistics that you might submit for the record later on today on how tourism revenues, exactly what effect they have had on our international trade balance last year when we had a deficit—of course, it is not as much as before, with the strength of the dollar, but still it is significant.

Ms. TUTTLE. All right.

[The information follows:]

In 1983, the United States experienced its largest international travel dollar deficit, with Americans spending $5.75 billion more for travel abroad than foreign visitors contributed to the U.S. economy. United States receipts from foreign travelers of $13.8 billion, however, still represented the nation's first ranked business services export. This represented a contribution of $1.1 billion in Federal, State, and local taxes. Tourism generated approximately 600,000 U.S. jobs in 1983 added to a total of 4.5 million Americans directly employed and another 2.2 million employed indirectly. As the second largest private sector employer in the U.S. $41 billion was paid in wages.

Senator PRESSLER. In your testimony you cited some impressive statistics associated with the travel and tourism industry such as direct employment of 4.5 million Americans and $41 billion per year in wages. The efforts of the USTTA, of course, directly contribute to international travel to the country, which generates more than $1 billion per year in tax revenues.

In my mind, any money we spend on travel promotion comes back to us many times over. Do you agree that your agency's ex-

penditures are cost effective and do you make that argument to OMB?

Ms. TUTTLE. I absolutely agree, and I do carry that message to my own agency, and to other departments in the administration. I think the return from expenditure makes USTTA a very good investment.

Senator PRESSLER. What is your reaction to the six offices concept? One concept that I have is that I would like to see some of these international tourists know about the middle parts of the United States and the South and not just go to—although certainly New York and San Francisco are wonderful places, but to have a viable structure throughout the country, not only of course through offices such as this but also in such things as materials, movies and so forth that your office puts out.

I am sure you will have things from the middle of the United States included and identified, because seriously a lot of tourists—when I go abroad a lot of Japanese in particular, they really like the parts of the Old West, to find out where it is, and they say sometimes we just are on bus tours and in our tours we do not have that on there.

Of course, a lot of that is through the private enterprise system, a lot of that advertising, quite correctly. But we do have several attractions and what is your reaction to the six office idea?

Ms. TUTTLE. Well, let me first begin by saying that I had early on begun speaking about regionalism, something I got interested in when I was studying about the agency. We know that people come to New York, but what we would like to see is that from New York they would go to New Jersey and other States.

We know that people stay an average of 21 days. We know they visit two to three States. So again if they are going to go to Florida, we would like them to visit other States. So for that reason I have been trying to speak to regional groups to encourage regionalism.

With that in mind, I am also very concerned about the fact that there are smaller States that cannot be in the international marketplace, and there is the interior of the United States that sometimes does not get as much attention as the well-known destinations which you have pointed out.

I think this is one role that USTTA should be very concerned about. We have something coming up which we think addresses some of that problem. For the first time we are presenting a seminar, a joint seminar, in the West with the Recreation Coalition.

It will include all of the small businesses in recreation who in no way would be able to go over to the international marketplace without assistance. We will be talking about how to sell America, both domestically and internationally, and we think this is one step to bring increased attention into the interior of the United States.

As far as my primary emphasis for USTTA with the budget of $8.6 million, my priorities are to build on those programs which we started in 1984. My first objective in terms of spending money would be in the international marketplace.

I think that by performing many other activities, such as the seminar on recreation, we can help focus more attention on the interior of the United States.

Senator PRESSLER. Good. Those are all the questions I have. Do you have any questions?

VOICE. We will submit questions.

Senator PRESSLER. You will submit questions for the record.

We thank you very much and wish you well in your job. Indeed, we hope you are raising the awareness of tourism throughout the Federal bureaucracy, which I am sure you are, which is the reason we created the Under Secretary for Tourism, and we wish you well and we thank you.

Ms. TUTTLE. Thank you very much.

[The statement follows:]

STATEMENT OF HON. DONNA F. TUTTLE, UNDER SECRETARY OF COMMERCE FOR TRAVEL AND TOURISM

Mr. Chairman and Members of the Subcommittee. I appreciate the opportunity to appear before you today on S. 2520, an authorization bill for FY 1985 for the United States Travel and Tourism Administration (USTTA).

This Administration recognizes that tourism is important to the economy and is a Federal priority. The U.S. economy has undergone profound change over the last several decades. Eighty years ago, this was a nation of family farms. Forty years ago, factories provided the largest share of all U.S. jobs. Today, our economy is services-based. More than 30 percent of all U.S. wage and salary workers are employed in service industries.

Tourism, as you know, is one of the most important sources of jobs in the services sector. It:

Employs 4.5 million Americans directly and 2.2 million indirectly; generates more than $41 billion a year in wages; and is the second largest private employer in the nation.

In most States, tourism ranks among the top three employers and is a source of entry-level jobs.

The changes in our domestic economy have affected our export trade. Services account for an increasingly larger share of our export earnings, and tourism is one of our most important service exports. Although tourist arrivals from abroad were down in 1983, our international tourism revenues remained at the $13.8 billion level, which resulted in tourism being the number one business services export.

International travel to the United States in 1983:

Accounted for 21.6 million total foreign arrivals and receipts of $13.8 billion (including international transportation payments to U.S. carriers).

Netted this nation 7.5 percent of total world international arrivals (286.5 million) and 11.6 percent of global foreign tourism expenditures ($96.2 billion).

Resulted in Federal, state, and local tax revenues of more than $1.1 billion.

Directly and indirectly generated approximately 600,000 U.S. jobs.

Accounted for one-third of the business services exports.

Based on the nation's economic position and the trade deficit, the Administration is proposing that USTTA's principal goals for FY 1985 will be to:

Expand export earnings from sales of tourism-related services.

Increase the U.S. share of world international tourism and transportation receipts.

Reduce the international trade deficit.

We intend to use three basic strategies:

Inform U.S. travel sellers about foreign market conditions and sales opportunities.

Reduce barriers to international travel and increase U.S. industry access to foreign markets.

Involve more regions, States and cities in tourism-export expansion efforts.

The authorization for FY 1985 is requested in order to operate six regional offices and an International Congress Office abroad and to maintain a presence in 15 special markets. This will enable us to:

Counter the competitive tactics of other national government tourism organizations by mounting campaigns in the principal generating markets to provide a rallying point for U.S. State and private sector promotional efforts.

Facilitate the activities of new market entrants and regional marketing coalitions.

Conduct training programs to improve the product knowledge of foreign travel wholesalers and retailers.

Distribute information about U.S. destinations to the foreign travel trade and to prospective consumers of U.S. tourism services.

Gather and disseminate market intelligence to assist the U.S. travel industry to identify the most productive foreign tourism markets and market segments.

The authorization will also enable the U.S. Travel and Tourism Administration to provide trade and consumer support. These resources will make it possible to:

Supply U.S. tourism enterprises with current market intelligence and counsel on foreign market opportunities.

Facilitate contacts between State, regional and local tourism organizations and potential foreign travel wholesalers and sellers.

Provide technical assistance to U.S. companies participating in international travel trade shows conducted in individual markets.

In addition, the funds appropriated under the authorization will provide for media services and product familiarization. USTTA will help place articles about U.S. tour destinations in leading foreign publications; arrange for journalists from principal foreign markets to visit and report on U.S. tourism facilities; and assist foreign travel wholesalers to inspect U.S. destinations, negotiate firsthand with potential U.S. tourism suppliers and obtain technical advice on tour construction and packaging; and inform foreign travel retailers on tour programs available from travel wholesalers.

In addition, such funds will be used for market research and program evaluation ensuring continuation of the In-flight Survey of International Air Travelers and the publication of visitor arrival reports for subscribers. The funds will enable continuation of the port reception activities in 15 major U.S. ports of entry.

The Office of the Assistant Secretary for Tourism Marketing supervises the Field Offices, develops the Annual Marketing Plan required by the National Tourism Policy Act, and maintains an ongoing working relationship with U.S. travel industry components. The Office of Research develops data for strategic and program planning, conducts market studies, and evaluates program effectiveness. The Office of Policy provides secretariat services to the Tourism Policy Council established by the National Tourism Policy Act of 1981; develops positions on tourism issues; prepares the Department's views on proposed legislation, regulations and programs which would impact on tourism; represents the national tourism interest before international, intergovernmental bodies; and, with the State Department, undertakes bilateral negotiations to reduce barriers to international tourism.

In FY 1985, the United States Travel and Tourism Administration will seek to develop more cooperative programs with the private sector, States, cities and regions as well as to recruit paying subscribers to underwrite the cost of research reports.

For the second successive year, foreign travel to the United States declined, by 2 percent, lowering the U.S. share of global arrivals from 7.7 percent in 1982 to 7.5 percent in 1983. A 1 percent decline in U.S. travel receipts from foreign visitors reduced the U.S. share of worldwide travel spending from 12 percent to 11.7 percent. The reduction in U.S. arrivals and earnings was largely due to 1) a much stronger U.S. dollar, 2) recessionary economic conditions in major tourism-generating countries, and 3) increased competition in the international marketplace.

Promoting U.S. services and improving worldwide conditions for international service business are top priorities of the Administration's international trade program. One of the fastest growing and most critical service sectors is international trade in tourism. In this regard, the basic priority of the USTTA Marketing Plan for FY 1985 is to improve the nation's trade in tourism position. This Plan will be implemented by concentrating on those foreign markets which have the greatest potential for increasing foreign visitor receipts.

Senator PRESSLER. Next I shall call Mr. John Graff, executive director, International Association of Amusement Parks and Attractions.

John Graff is originally from South Dakota, from Clark, which is a wonderful place. I am going to be in Aberdeen tonight, not far away.

**STATEMENT OF JOHN GRAFF, EXECUTIVE DIRECTOR, INTERNATIONAL ASSOCIATION OF AMUSEMENT PARKS & ATTRACTIONS, ON BEHALF OF THE TRAVEL AND TOURISM GOVERNMENT AFFAIRS COUNCIL, ACCOMPANIED BY THOMAS LLOYD, POLICY ANALYST**

Mr. GRAFF. I envy you, Mr. Chairman. I wish you had arranged to have this hearing in South Dakota. Then I could have hit Mr. Gaffigan's organization for plane fare home.

Senator PRESSLER. OK. We will do that next year if I am still around.

Mr. GRAFF. Thank you, Mr. Chairman.

I am John Graff, executive director of the International Association of Amusement Parks and Attractions and, more relevant for the purposes of this testimony, a member of the executive committee of the Travel and Tourism Government Affairs Council.

With your permission I have brought to the table Mr. Thomas Lloyd, who is a policy analyst for the council.

The Travel and Tourism Government Affairs Council appreciates the opportunity to present testimony on S. 2520, which authorizes funds for the U.S. Travel and Tourism Administration and directs expenditures of certain portions of those authorized funds for specific new governmental activities.

The Travel and Tourism Government Affairs Council, an affiliate of the Travel Industry Association Industry of America, includes 29 major national travel and tourism trade organizations and is the official organization representing the industry on Government issues of common concern to the entire travel industry.

We have submitted to the subcommittee the council's full written statement on S. 2520. My remarks will briefly summarize that testimony.

The travel industry is vitally interested in the purposes and the effective administration of the National Tourism Policy Act which was sponsored by this subcommittee and vigorously promoted by you, Mr. Chairman. We are delighted that the principal instrument of policy implementation, the U.S. Travel and Tourism Administration, is giving evidence under its new leader, Mrs. Tuttle, of a determination to vigorously carry out its mandate. We are very happy to have this opportunity to acknowledge her initial and very enthusiastic efforts in this regard.

It was through the farsighted efforts of you, Chairman Pressler, and this subcommittee that funding levels were recommended that led to a $12 million fiscal year 1984 appropriation for USTTA, reversing a 6-year trend in continuous reductions in funding for the agency.

We are grateful that the subcommittee has recognized travel and tourism's contribution to the national economy and its potential to continue to increase Federal tax revenues sorely needed to reduce the national debt, to improve export earnings, to help redress current trade deficits, to generate jobs for American workers, and to begin to restore the competitive position of the United States in the international marketplace.

To put this in perspective, in 1982, the Government received $11 billion in tourism-generated Federal tax revenues, $640 million of

which came from foreign visitors. Our export earnings from tourism were $11.3 billion, and the industry added 39,000 new jobs that year while the country as a whole lost 1.6 million jobs.

We are pleased that S. 2520 continues to move toward restoring the Nation's competitive viability in the world of international trade by proposing an authorization of $14 million for USTTA. The council recognizes the subcommittee's commitment to fiscal restraints at this time when it is necessary to reduce the Federal deficit. We fully realize that the economic health of the Nation depends on the dedication of the administration and the Congress to reduce this burdensome deficit.

It is equally evident that this subcommittee recognizes that international travel promotion is consistent with efforts to reduce the rate of growth of the national debt and that such promotional efforts have proven tax revenue-generating potential far in excess of any funds expended for such purposes.

Should USTTA be funded $14 million in 1985, as proposed in S. 2520, Federal tax revenues generated by international visitors would return that funding in just 7½ days.

Section 3 and 4 of S. 2520 set forth the establishment of six regional liaison centers for the USTTA. According to the bill, staffing for these centers should be provided by the Federal Government, by USTTA, to provide technical assistance to tourism offices of the States. The relationship envisioned here is between the Federal Government and State governments and, therefore, the Travel and Tourism Policy Council feels that the subcommittee should consult directly with the National Council of State Travel Directors, who would be directly affected by this provision of the legislation.

Although the National Council of State Travel Directors is a member of the Travel and Tourism Government Affairs Council, the section of the legislation in question appears to impact only State governments and we as a council are therefore not the appropriate entity to represent their views on this matter this morning.

The concept of training embassy employees to aid in promoting travel to the United States as set forth in section 5 of S. 2520 appears to be worthwhile, although we would make some suggestions in the nature of trying to avoid unnecessary expense in the implementation of this section of the act. From the standpoint of augmenting USTTA promotional efforts, close coordination with and direction by USTTA would be essential to prevent such promotional efforts from being duplicated, overlapping and/or counterproductive.

USTTA is the primary tourism promotion arm of the Government, as set out by the National Tourism Policy Act, and must therefore maintain oversight and direction of all of the Government's promotional efforts. Should the intent of section 5 be to train staff to distribute appropriate USTTA literature, to answer travel, trade and traveling public questions about travel to the United States and to act as liaison for USTTA with individuals and organizations, then the concept seems fitting.

As to the intended scope of the training, our council would like to offer some additional observations. Section 5 indicates that one employee in each embassy should receive such training. There are no more than 45 markets generating or potentially generating suf-

ficient visitors to the United States to justify such training. We believe, therefore, that funds and USTTA and embassy staff time should be allocated only for markets that are truly viable.

We are concerned that a strict interpretation of section 5 requiring the training of one such person in every embassy might lead to implementation and budgetary problems. Should the extent of the training and the crucial USTTA continuing support of trained embassy staff be interpreted as extensive and/or be provided to all U.S. embassies, the cost of training could consume too much funding that is sorely needed for promotion in key markets. In addition, the unspecified type and amount of materials to be provided leaves open the possibility of further budget impact.

Our council does not question the validity of embassy staff augmenting some of the efforts of USTTA; however, such training could divert USTTA staff efforts away from higher priority activities in the absence of more specific guidance on the financial and staff resources which are envisioned by section 5.

Senator PRESSLER. I think those are good suggestions, incidentally, and I am not wedded to having every embassy, but I think that is very well taken and very well thought out. You know, the concept here is to try to get embassies a little more tuned in to tourism. They are tuned in to exports. We are supposed to have what, two or three people that are actually charged to work on exports constantly or to file a report every 2 weeks on what they have done about U.S. exports, but as you said earlier one of our biggest trade balances is from tourism.

But I think your points here are really well shaped. In some markets there just is not a chance for any tourists. There is not any point in spending a lot of money having somebody trained in it, so that is well taken and we will take that into consideration.

Go ahead.

Mr. GRAFF. Thank you, Senator.

I think anything that could be done in the embassy setup to encourage travel and tourism certainly is salutary, but we have set forth our concerns with the bill as drafted. We appreciate your comments.

The Government Affairs Council supports the principles underlying the introduction of S. 2520 and believes, as the subcommittee does, that continuing increases in funding for USTTA will be necessary if the United States is to eventually return to a competitive position in international tourism.

While the proposed authorization for USTTA represents an increase over fiscal year 1984 appropriations and probably represents a realistic assessment of what is possible within the severe budget restraints referred to earlier, we think the record should contain our reminder—and it is one with which I think the chairman will concur—that $14 million is still insufficient to make the United States competitive in the world marketplace in more than a few of the viable generating markets available to the Nation.

For example, our Canadian neighbors to the north budgeted over $40 million for their national tourism office in fiscal year 1984. Even further increased funding for USTTA is in the national interest from a revenue-enhancing, foreign trade policy and employment-generating point of view.

The proposed authorization is an important step toward a rational spending policy that not only contributes to the viability of hundreds of thousands of small businesses but, perhaps more importantly, supports administration and congressional efforts to generate additional Federal revenues, improve our balance of payments, and minimize and reduce unemployment.

That completes our statement, Mr. Chairman, except to add again our deep appreciation to you and to the subcommittee for the strong support that it has given to this effort that we have been urging on the country for some time.

Senator PRESSLER. Thank you very much. We really appreciate your professional testimony here. I very much appreciate the chart you have provided. Now this is appendix 1. Tell me what that chart means.

Mr. GRAFF. The chart is the comparison of the money being spent by the countries listed there, some 83 of them, on a per capita basis for travel and tourism promotion organizations. In our full statement to which that is appended the average budget for national tourism organizations worldwide is shown to be $3.64 per capita, or was in 1983, compared to the United States, which was less than 3½ cents.

So the impact of the information there is that we are clearly being not just outspent but dramatically, very significantly outspent in this vital area of promoting foreign travel.

Senator PRESSLER. Also I think it is important that we have in the record—and I would ask that staff place it in the amount spent in the last 10 years. I think that we are forgetting that we were up much higher when we talk about cutting for deficits, but this is an area that has been cut very substantially and that is one thing that I always like to say, is that the real dollars spent, if we can get a chart showing that actually what we are asking here is very reasonable within real terms, so if you will prepare a chart which you can agree to put in, but I think that your total spending by national government tourism organizations is a very welcome thing.

[The information follows:]

*Funding levels for the U.S. Travel Service (1974-1981) and the U.S. Travel and Tourism Administration (1982-1984)*

| Year: | *Millions* |
|---|---|
| 1974 | $11 |
| 1975 | 11 |
| 1976 | 12.815 |
| 1977 | 14.47 |
| 1978 | 14.14 |
| 1979 | 13.5 |
| 1980 | 7.993 |
| 1981 | 7.959 |
| 1982 | 7.6 |
| 1983 | 8.1 |
| 1984 | 12 |

Senator PRESSLER. Have you had a chance to look over a copy—I am sure you have—of the bill that we are talking about?

Mr. GRAFF. Yes, Senator, I have it here.

Senator PRESSLER. I know that some of the big hotels chains and so forth are some of the major private groups who look upon these regional offices with a little bit of trepidation because they have

their facilities in the big cities and so forth, and I do not know whether this will come to pass.

As you know, the location for the regional centers in the bill are now listed as Portland, Oreg., for the West region; Albuquerque, N. Mex., for the Southwest region; Rapid City, S. Dak., for the North-Central region; St. Louis, Mo., for the Midwest region; Columbia, S.C., for the Southeast region; Hartford, Conn., for the Northeast region.

Of course this would not create a lot of bureaucracies. They would go into existing facilities. What is your reaction to that?

Mr. GRAFF. Well, apart from the temptation to support it, Senator, on the grounds that I might apply for the job in Rapid City, I have to stand by my statement that we just do not feel we can address this matter this morning. The State governments' travel directors are members of our council. We have not had the opportunity to discuss it with them. We do not know what their pattern on this is.

It is purely and entirely a matter between USTTA and those State bodies. I just am not in a position to say this morning whether that is feasible or not.

Senator PRESSLER. OK, that is fine.

Well, I think out of your testimony has come a very good suggestion and I think that I am going to offer an amendment or a change, if Senator Inouye is agreeable, that would rather than train one employee for each U.S. Embassy—I am not going to offer it today; I am going to wait until next Tuesday or sometime. I do think it might be a bit burdensome to train someone for every Embassy.

I think your suggestions are very useful and that is what this hearing process is all about and we very much appreciate that.

How do you think the office of Under Secretary for Tourism has been working since its creation?

Mr. GRAFF. We are extremely pleased with the attitude of the people in the USTTA since the passage of the act. I think there is unquestionably an enthusiasm there. I think there is a professionalism developing. There is an attitude reflecting the importance of what we are talking about here, getting us back on the track in this vitally important area of international travel promotion.

Obviously the agency is in its infancy under the new law. It is putting its act together. Time alone will tell how successful they are, but I think we are all satisfied that we have a strong advocate in Mrs. Tuttle and the people who are working with her and we are very pleased with what has been done in the few months since the law was enacted.

Senator PRESSLER. I would like to ask you to elaborate on a statement you made in your testimony. You said that Federal tax revenues generated by international visitors would return the $14 million I propose for the USTTA in just 7½ days. How did you arrive at that figure?

Mr. GRAFF. Well, Tom may do a better job explaining this than I since they are his figures, but we know what international travel is bringing into the country on a daily basis in terms of revenues to the Government and it is simply a matter of deciding how many

days it would take to raise the $14 million using that daily revenue figure.

Mr. LLOYD. That is correct.

Senator PRESSLER. And in a year's time have you got that figure or could you supply that for the record?

Mr. LLOYD. The most recent figure we had was $640 million in Federal tax revenues directly attributable to foreign visitors. As of the end of 1982 it was running about $30 a head in taxes.

Senator PRESSLER. OK. Do you have any guess what we could lose in tax revenues if the USTTA budget is cut from $12 million to $8.6 million?

Mr. LLOYD. It would be difficult to assess, Senator. It is a very complicated formula to see what impact promotion has. As we testified last year, our early analysis was that probably the first $10 million had practically no impact on the number of travelers coming to the United States and that you had to get above that threshold before you were making an impact.

Senator PRESSLER. OK. In your opinion why doesn't the Federal Government view spending on travel promotion as a good investment and do you think that the comprehensive marketing plan being developed by the industry for the USTTA will lead to increased support from the administration?

Mr. GRAFF. Well, I would certainly hope so. I think part of the problem that you allude to comes from the fact that we have tended over the years to look at the budget for this Department as being strictly a staff budget rather than a marketing budget.

We have not, for whatever reasons, thought seriously about the necessity for marketing on a broad scale, the tremendous implications to the Government from marketing on a broad scale. We need to start thinking about these dollars as not being staff expenses but, rather, marketing dollars.

I certainly hope and I expect that the marketing study will be a very useful tool. That was our hope and intent in encouraging this effort and it is the hope and the intent of those who have given a very significant amount of time and expense in putting the marketing plan together. I think we will be very disappointed if it does not open up some great avenues and opportunities for the Government.

Senator PRESSLER. As you know, the travel and tourism industry is comprised mainly of small businesses. In our home State of South Dakota this is particularly true. Do you think that the benefits of international travel promotion really filter back to the small businesses in South Dakota, or do you think that this is something that is a little farfetched?

Mr. GRAFF. I do not think it is far-fetched at all. I would be ill-prepared this morning to quantify that, but clearly small businesses are benefitted in a number of ways. People who come to the country, as Mrs. Tuttle pointed out, tend to travel the country, to see much of what is here.

I returned from Europe a few weeks ago and I, too, was impressed with the fact that wherever I went in Germany I saw a lot of posters up and there were a lot of television programs reflecting the American life out where you live in the West. Dallas, the television show, has great popularity over there.

People who come to this country from my organization, as they do at least once a year for our convention, are always interested in seeing parts of the country on the way. They schedule side trips to see other parts of America.

Then, of course, there are all the indirect but nonetheless very real benefits to all of us—small business and everyone else—from the effect on the budget, from the effect on the deficit. So clearly I think the benefits are there.

Senator PRESSLER. Well, we heard Herman Kahn say once before this committee that in many European and Asian countries a part of a liberal arts education has become a trip to the United States. Unbelievably, we are becoming an old enough country that people, as I guess young Americans do, like to spend a summer in Europe to kind of get part of a liberal arts education. That has come to be a part of some foreign countries' view.

It has always amazed me how interested people are in all parts of our country. And the Japanese in particular are interested in our Indian reservations and our agriculture. And when I was a student at Oxford people used to imagine that I must be wearing cowboy boots all the time at home. I explained that farmers in eastern South Dakota lace up their shoes every morning. We are pretty plain.

But the point is there is a lot of interest and a lot of untapped resources here. In fact, when Herman Kahn, who is now deceased, appeared before this committee as a futurist he said that by the year 2000 tourism could well be the United States largest industry.

I do not know if that will be true or not, but if it is it is going to have a great impact on those small businesses and in my State of South Dakota I think about a fourth of our tourists are from foreign countries. Of course, Canada makes up a big portion of that. But we must become sophisticated in handling them and dealing with them.

I have felt strongly about the visa waiver thing for a long time because I do not think it prevents any drugs from coming into the country, because visas are just filed in boxes and there is no check-up. There is no way to retrieve them in many cases.

Of course, even in our high schools we are talking about a foreign language now being required for admission to college in our State and in many States, and I think that is good. It is a tough requirement but we do have—even those schools which do not have foreign language teachers we do have television that can supplement and so forth.

So we do need to think more along these lines and it seems a little farfetched sometimes, but it very much comes down to I find that a lot of the small businessmen in my State, not just the Black Hills area but my hometown of Humboldt, which is along the interstate, it is understood and appreciated.

So I think it is very important.

Mr. GRAFF. I might add that my inlaws operate a little trailer camp down at the Missouri River Reservoir near Yankton, S. Dak. They often mention the foreign people who pull in there and stay for a night, stay for a few days, and then move on—a great many of them, surprisingly.

Senator PRESSLER. Well, we are on the route to Wyoming and lots of other places where maybe they are headed, but we are also a destination.

I presume the members of the Travel and Tourism Government Affairs Council would like to see the national travel survey restored. How would you use the data from the survey if it were restored?

Mr. GRAFF. I am going to defer to Tom on that because it is really his area.

Mr. LLOYD. Senator, I would like to start by saying that the previous survey was the finest piece of domestic tourism research that we have ever had to work with and the entire travel industry uses that directly or indirectly for market segmentation and indeed market identification. And the further we get away from the time when that data was current, the weaker our analysis of domestic markets is.

Now unless we have that on at least a 5-year basis the reliability of domestic marketing planning has got to be suspect because of all the interpretations that have to be made. Businessmen rely on professionals from universities and other places to generate this. They simply cannot afford to collect all this data on their own.

In the absence of new Federal data on domestic tourism I am afraid our marketing plans are getting woefully out of date.

Senator PRESSLER. Well, I thank you very much for your testimony. John, you are a good friend and an old friend. I am proud you started out from my State of South Dakota and we hope to have you back there someday.

Mr. GRAFF. Thank you.

[The statement follows:]

STATEMENT OF JOHN GRAFF, ON BEHALF OF THE TRAVEL AND TOURISM GOVERNMENT AFFAIRS COUNCIL

The Travel and Tourism Government Affairs Council appreciates the opportunity to present testimony on S. 2520 which authorizes funds for the United States Travel and Tourism Administration (USTTA) and directs expenditures of certain portions of those authorized funds for specific new governmental activities.

The Travel and Tourism Government Affairs Council, an affiliate of the Travel Industry Association of America, includes 29 major national travel and tourism trade organizations and is the official organization representing the industry on government issues of common concern to the entire travel industry.

The travel industry continues to be vitally interested in the purposes of the National Tourism Policy Act, sponsored by this subcommittee, and its designated principal instrument of policy implementation, the United States Travel and Tourism Administration.

It was through the farsighted efforts of Chairman Pressler and this subcommittee that funding levels were recommended that led to a $12 million FY 1984 appropriaton for USTTA, reversing a six year trend in continuous reductions in funding for USTTA.

We are grateful that the subcommittee has recognized travel and tourism's contribution to the national economy and its potential to continue to increase federal tax revenues sorely needed to reduce the national deficit, improve export earnings to help redress current trade deficits, generate jobs for American workers, and to begin to restore the competitive position of the United States in the international market place.

To put this in perspective, in 1982 the government received $11 billion in tourism among generated federal tax revenues, $640 million of which came from foreign visitors. Our export earnings from tourism were $11.3 billion and the industry added 39,000 new jobs while the country as a whole lost 1.6 million jobs.

The average spending among all countries of the world was over 100 times USTTA's funding in 1983 on a per capita basis. The average budget for national tourism organizations world-wide was $3.64 per capita in 1983 compared to the U.S. at less than 3½ cents per capita. This far below average investment in USTTA activities caused the U.S. to continue its 7 year decline in competitiveness to a rank of 83rd in the world in terms of funding of national tourism organizations. (See Appendix 1)

We are pleased that S. 2520 continues to move toward restoring the nation's competitive viability in the world of international trade by proposing an authorization of $14 million for USTTA.

The Council recognizes the subcommittee's commitment to fiscal restraints at this time when it is necessary to reduce the federal deficit. We fully realize that the economic health of the nation depends on the dedication of the Administration and the Congress to reduce this burdensome deficit. It is equally evident that this subcommittee recognizes that international travel promotion is consistent with efforts to reduce the rate of growth of the national debt in that such promotional efforts have proven tax revenue generating potential far in excess of any funds expended for such efforts. Should USTTA be funded at $14 million 1985 as proposed in S. 2520, federal tax revenues generated by international visitors would return that funding in 7½ days.

Sections 3 and 4 of S. 2520 set forth the establishment of six regional liaison centers for the USTTA. According to the bill, "staffing for these centers should be provided by the federal government, USTTA, to provide technical assistance to tourism offices of states." The relationship here is between the federal government and state governments and therefore the Council feels that the subcommittee should consult directly with the National Council of State Travel Directors, who would be directly affected. Although this organization is a member of the Travel and Tourism Government Affairs Council, the section in question appears to impact only state governments and we are therefore not the appropriate entity to represent their views on this matter.

The concept of training employees in U.S. Embassies to aid in promoting travel to the United States in section 5 of S. 2520 appears to be worthwhile. From the standpoint of augmenting USTTA promotional efforts, close coordination with, and direction by, USTTA would be essential to prevent such promotional efforts from being duplicative, overlapping and/or counterproductive.

USTTA is the primary tourism promotional arm of the government as set out by the National Tourism Policy Act and must therefore maintain oversight and direction of all promotional efforts. Should the intent of section 5 be to train staff to distribute appropriate USTTA literature, answer travel trade and traveling public questions about travel to the United States, and act as liaison for USTTA with individuals and organizations, then the concept is more fitting.

As to the intended scope of the training, the Council would like to offer additional observations. Section 5 indicates that one employee in each embassy should receive training. There are no more than forty-five markets generating or potentially generating sufficient visitors to the United States to justify such training. We believe therefore that funds and USTTA and embassy staff time should be allocated only for markets that are truly viable.

We are concerned that a strict interpretation of section 5 might lead to implementation and budgetary problems. Should the extent of the training and the crucial USTTA continuing support of trained embassy staff be interpreted as "extensive" and/or be provided to all United States Embassies, the cost of training could consume too much funding that is sorely needed for promotion in key markets. In addition, the unspecified type and amount of "materials" to be provided leaves open the possibility of further budget impacts.

The Council does not question the validity of embassy staff augmenting some of the efforts of USTTA. However, such training could divert USTTA staff efforts away from higher priority activities in the absence of more specific guidance on the financial and staff resources which are invisioned by section 5.

The Government Affairs Council supports the principals underlying the introduction of S. 2520 and believes, as the subcommittee does, that continuing increases in funding for USTTA will be necessary if the United States is to eventually return to a competitive position in international tourism.

While the proposed authorization for USTTA represents an increase over FY 1984 appropriations, and probably represents a realistic assessment of what is possible within the severe budget restraints referred to earlier, we think that the record should contain a reminder, with which we are sure the Chairman will concur, that $14 million is still insufficient to make the United States competitive in the world market place in more than a few of the viable generating markets available to the

nation. For example, our Canadian neighbors to the north budgeted over $40 million for their national tourism office in FY 1984. As can be seen from Appendix 2, the U.S. ranked 38th in 1983 in terms of total spending by national government tourism organizations worldwide. The average funding among all competitive countries of the world was nearly $32 million in 1983, over 4 times as much as USTTA funding.

Increased funding for USTTA is in the national interest from a revenue enhancing, foreign trade policy and employment generating point of view. The proposed $2 million increase in USTTA funding for FY 1985 would require only a 3/10 of 1% increase in foreign visitors in 1985 over 1984 for the government to recoup its investment through the taxes generated by these tourists while creating over 1,200 new jobs. The potential impact of these funds, if spent on promotion, would of course be much greater.

The proposed authorization is an important stop toward a rational spending policy that not only contributes to the viability of hundreds of thousands of small businesses, but perhaps more importantly, supports administration and congressional efforts to generate additional federal revenues, improve our balance of payments and minimize and reduce unemployment.

APPENDIX 1.—*National Government funding of USTTA's counterparts worldwide on a per capita basis (1983)*

[In millions of U.S. dollars]

| Country: | |
|---|---|
| 1. Bahamas | 118.64 |
| 2. Curacao | 24.17 |
| 3. Guam | 15.12 |
| 4. Jamaica | 13.32 |
| 5. Singapore | 10.27 |
| 6. Trinidad and Tobago | 9.83 |
| 7. Czechoslovakia | 8.88 |
| 8. Malta | 8.77 |
| 9. Switzerland | 7.48 |
| 10. Greece | 7.32 |
| 11. New Caldonia | 6.58 |
| 12. Cyprus | 4.91 |
| 13. Macao | 4.32 |
| 14. Costa Rica | 3.98 |
| 15. Israel | 3.25 |
| 16. Tunisia | 3.10 |
| 17. Mexico | 2.62 |
| 18. Hong Kong | 2.61 |
| 19. Belgium | 2.60 |
| 20. Finland | 1.96 |
| 21. Tonga | 1.96 |
| 22. St. Vincent and the Grenadines | 1.92 |
| 23. Dominica | 1.83 |
| 24. Iceland | 1.77 |
| 25. Venezuela | 1.67 |
| 26. Luxembourg | 1.63 |
| 27. Spain | 1.62 |
| 28. Canada | 1.62 |
| 29. Syria | 1.61 |
| 30. Zimbabwe | 1.55 |
| 31. New Zealand | 1.54 |
| 32. Chile | 1.54 |
| 33. Korea | 1.46 |
| 34. Turkey | 1.33 |
| 35. Hungary | 1.19 |
| 36. Peru | 1.11 |
| 37. Norway | .99 |
| 38. Rwanda | .87 |
| 39. Netherlands | .86 |
| 40. Maedives | .84 |
| 41. Equador | .75 |
| 42. Australia | .71 |
| 43. Italy | .64 |
| 44. Brazil | .63 |
| 45. Malaysa | .59 |

| | |
|---|---|
| 46. El Salvador | .58 |
| 47. Jordan | .57 |
| 48. Columbia | .55 |
| 49. Yeman | .55 |
| 50. Ghana | .53 |
| 51. France | .47 |
| 52. Guatamala | .44 |
| 53. Equatorial Guinea | .41 |
| 54. Algeria | .40 |
| 55. Kenya | .40 |
| 56. Austria | .38 |
| 57. Egypt | .36 |
| 58. Cameroon | .33 |
| 59. Paraguay | .39 |
| 60. Libya | .30 |
| 61. Argentina | .27 |
| 62. Yugoslavia | .27 |
| 63. Lesotho | .25 |
| 64. Sengal | .23 |
| 65. Sri Lanka | .23 |
| 66. Germany | .22 |
| 67. Honduras | .21 |
| 68. Tanzania | .21 |
| 69. United Kingdom | .20 |
| 70. Zambia | .20 |
| 71. Sierra Leone | .19 |
| 72. Philippines | .17 |
| 73. Bolivia | .15 |
| 74. Paupa New Guinea | .15 |
| 75. Maurituis | .13 |
| 76. Thailand | .12 |
| 77. Malawi | .12 |
| 78. Japan | .08 |
| 79. Togo | .07 |
| 80. Nepel | .049 |
| 81. Bangladesh | .038 |
| 82. India | .034 |
| 83. United States | .033 |

NOTE.—Reporting countries did not include Denmark, Sweden, Ireland, and Portugal . . . all expected to rank higher than the United States.

Source: Organization for Economic Cooperation and Development, World Tourism Organization, and Travel and Tourism Government Affairs Council.

APPENDIX 2.—*Total spending by National Government tourism organizations (1983)*

[In millions of dollars]

| Country: | |
|---|---|
| 1. Mexico | 182.1 |
| 2. Czechoslovakia | 134.8 |
| 3. Brazil | 78.6 |
| 4. Greece | 69.1 |
| 5. Turkey | 62.1 |
| 6. Spain | [1] 61.1 |
| 7. Korea | 59.0 |
| 8. Switzerland | [1] 47.4 |
| 9. Canada | 39.3 |
| 10. Italy | 36.5 |
| 11. Venezuela | 30.0 |
| 12. Jamaica | 29.5 |
| 13. Bahamas | 28.0 |
| 14. Belgium | 25.6 |
| 15. France | 25.2 |
| 16. Singapore | 24.3 |
| 17. India | 24.3 |
| 18. Peru | 20.1 |
| 19. Tunesia | 19.9 |
| 20. Egypt | 15.7 |

| | |
|---|---|
| 21. Columbia | 13.8 |
| 22. Syria | 13.8 |
| 23. Germany | 13.5 |
| 24. Hungary | 12.8 |
| 25. Bermuda | 12.3 |
| 26. Israel | 12.3 |
| 27. Netherlands | 12.3 |
| 28. Trinidad | 11.3 |
| 29. United Kingdom | [1] 11.2 |
| 30. Hong Kong | 10.6 |
| 31. Australia | 10.6 |
| 32. Finland | 9.3 |
| 33. Japan | 9.2 |
| 34. Costa Rica | 8.7 |
| 35. Malaysia | 8.4 |
| 36. Philippines | 8.4 |
| 37. Algeria | 7.8 |
| 38. United States | [2] 7.6 |

[1] Estimated.
[2] Excludes $500,000 earmarked for Hawaii disaster relief.

NOTE.—Reporting countries did not include Denmark, Sweden, Ireland and Portugal . . . all expected to rank higher than the United States.

Source: World Tourism Organization and Travel and Tourism Government Affairs Council.

Senator PRESSLER. Now I shall call on Robert Juliano, another friend, legislative representative, Hotel Employees and Restaurant Employees International Union, AFL-CIO.

Bob, how are you?

## STATEMENT OF ROBERT JULIANO, LEGISLATIVE REPRESENTATIVE, HOTEL EMPLOYEES AND RESTAURANT EMPLOYEES INTERNATIONAL UNION

Mr. JULIANO. Good, thank you.

Mr. Chairman, I would ask, please, that you submit our statement as part of the record.

Senator PRESSLER. Without objection we will print your statement as a whole and you may summarize.

Mr. JULIANO. Thank you. On behalf of our general president, Ed Hanley, and the 400,000 people we proudly represent, it is a delight to be here before your subcommittee once again. This has been about, I think, the eighth or ninth time we have had the pleasure of appearing before this particular subcommittee testifying on tourism funding, and I am delighted that we are still welcomed back to talk about the issue, because it is still alive.

I would especially like to take this opportunity to thank you for your efforts and also Senator Inouye, who has been with us and with you in the fight constantly and consistently through all of our various budget problems that we have had with OMB and other people.

Lest there be any doubt, as we have stated consistently, Mr. Chairman, tourism in our mind means one thing and that is jobs. A thriving industry simply means more job opportunity and job stability for our members and others in the industry.

Total employment is well over 6 million men and women, constituting almost 7 percent of the total work force. As we have said often, there is no more labor-intensive industry than ours and well over half of our membership is comprised of females, minorities. In our ranks there are semiskilled, nonskilled, those people who are

oftentimes just entering the job market, which I think and we think is a very important factor in the development and growth of this industry.

We appear before you today, Mr. Chairman, and strongly applaud and support your efforts in seeking a $14 million authorization for USTTA as an appropriate funding level for the agency to carry out their duties in a propitious manner. While awaiting the results of the industry marketing program, we feel that this level of funding is adequate and would certainly provide a base upon which to build additional increases as future programs warrant additional appropriations.

Our union has always supported requests for funding, first for USTS and now for USTTA. Our position has been consistent and historic as it relates to the appropriate use of moneys that are authorized by Congress and that is we believe that the largest number of dollars possible should be spent on foreign promotion through the six overseas offices to increase the number of international visitors to our country.

Obviously if more visitors come here it means continued employment and the prospect for additional employment for our members as well as for all others who work in the industry. In fact, we encourage the Congress to continue to look for appropriate regions abroad where we might strengthen our presence or in fact establish a new presence.

We are mindful, those of us who work up here and have the opportunity and privilege to work with you, of the tremendous economic problems confronting the Congress and the country, especially with the deficits. However, funding for USTTA, in my opinion, is one of the best investments that our Government can make, and given the return on the dollar that is spent for foreign promotion, as we have consistently said before your committee and others, we just do not understand why the funding level is not higher, but we think that that is being rectified because of the efforts of increasing the amount as well as coming up with new programs which would continue to add a base for the moneys to be spent.

We would like to take this opportunity to thank you and the members of the committee for their untiring efforts in our behalf. We look forward to working with all of you as the legislation unfolds.

I might add I was listening to your comments about introducing the legislation and the inactivity or lack of activity on the House side, and we certainly would be more than willing to try to increase and step up our efforts to help those of you in the Senate and perhaps inspire some of your colleagues in the House to be a little bit more active in this area.

If you have any questions, I would be happy to answer them at this time.

Senator PRESSLER. We thank you very much. You have appeared before us many times and participated in all of our meetings and efforts. You are becoming one of the senior members of the, how do I put it, the travel and tourism and related activities group, and we thank you for that.

You said in your testimony that to your organization tourism is synonymous with jobs. Obviously you must be as concerned as I am

that our country's share of the international tourism market is decreasing. Have you observed an adverse effect on employment in this industry related to this declining market share?

Mr. JULIANO. We have come through in the last 3 years a very tenuous economic and employment situation. Usually the industry is almost an absolute barometer of the national economy and the national trends, so where there has been a downward cycle in the overall economy that ordinarily is felt in our industry and beyond, because not only in the convention area, you know, where we have the largest number of our people, but also when you come to discretionary spending—people going out to hotels and restaurants and so on for travel and vacations—there is a tremendous problem in that area.

What happens is not so much the permanent job loss as the peaks and valleys which, quite frankly, are the biggest problem confronting us. And I think that the people in the industry would concur. By that I mean, you know, we have people working for 2 months. Then they are laid off because of occupancy levels in hotels in cities is dropping. Then they are asked to come back to work for 2 months; then they are laid off for another 6 weeks—none of it having to do with any lack of professionalism on their part, and not any deliberate attempt by any employer to be firing people.

There is simply a lack of business and a lack of stability where we could keep those levels up. And we have found the greatest help in those periods when there is domestic economic concern is where we could increase the amount of international visitors coming here. It is a perfect fit because if we have people here who do not have that discretionary income, the logical place has been for us to try and hope that we would see more people coming from abroad to travel in our country and make up some of that economic imbalance.

Senator PRESSLER. Now you would be an expert on labor and who is employed in the tourism industry. It is said that the tourism industry employs more minorities and women and is an entry level job for a lot of people. Is there some exploitation of labor in this industry? What is your analysis?

Mr. JULIANO. I do not know what you mean by exploitation.

Senator PRESSLER. Well, I mean in areas where there is nonunion are people paid below the minimum wage or is there anything like the Simpson-Mazzoli bill? Is there use of illegal aliens in some cases—just the whole picture of the labor force in this industry?

Mr. JULIANO. That particular problem is a very prevalent one and especially in the rather obvious cities where you would imagine there would be the greatest influx of illegal immigrants.

I would say for the most part the number of people working in the industry would probably be in minimum wage jobs or above because of the laws that the Congress has passed. I do not know that exploitation would be the term, but we have continued to press for more equity but I think that really it gets back to the opportunity factor.

That is, the stronger the industry becomes and the more growth factor there and the more hotels and restaurants that are built, simply more job opportunities are there. And that comes from, I

think, expanding the potential market, which is our constant battle.

I might add, too, you made mention to the previous witness about would people from the international sector be prone to visit your great State or others in the Midwest. I happen to be from Chicago and I think what sometimes we ignore because we are too much involved in the nuances of fighting every day in these battles is that if the international visitors come, as an example, to Chicago, and my people are working on a regular basis where their income is solid and they have the ability to go on vacation and take their families, certainly one of the destination points would be placed like Mount Rushmore, the Black Hills, and other places in the Midwest.

That was in fact a common destination point. So I think that the two really are very much intertwined because of the international people coming to the bigger cities, and I am sure that they end up also, you know, coming to your State and others.

But at the same time we often ignore the fact that our people who are employed at some point in time themselves become tourists and I would say they would be far more prone as opposed to going to Europe to be traveling usually within the continental United States.

Senator PRESSLER. Would you like to see funding for a national travel survey be added to the bill? It would cost about $3 to $4 million, I am told.

Mr. JULIANO. There was a discussion, I do not know if it is inappropriate to bring this up at this point, but we talked about it at the advisory committee the other day and I think a recommendation is being forwarded to your committee with the advice that discussions be held with the appropriating committees to see if some activity can be worked out.

We happen to think that it is an excellent program and it might be one that perhaps moneys could be sought out more quickly or be available more quickly. But that, frankly, has been a real problem for those of us who have to work up here and has been for all the time we have been fighting the battles, because nobody wants to.

I think we all feel objectively that this is an important industry and obviously we have ties to it, but you certainly want to have accurate information available, and I think that the more accurate the information and the more indepth, the greater chance we have of advancing the cause even further.

So we would be very supportive of a travel survey, and I would urge you to talk to Senator Inouye and Senator Laxalt and see if perhaps something might be worked out. There might be other areas of budgetary activity where some moneys could be gotten even more quickly.

Senator Pressler. As you know, the industry is preparing a marketing plan for the USTTA. The goal of this plan is to return the United States to a 13-percent share of the international market. Do you have any idea how many new jobs would be created if we achieved this goal?

Mr. JULIANO. I have seen a draft copy and I honestly cannot give you a figure. But we used to historically work on the premise that for every $15,000 generated, somewhere in that area, that created

one new job. So I do not know how consistent or accurate that figure is, but I would say this much.

I would think that it is safe to say that as opposed to the heavy manufacturing industries and so on, that certainly with the labor intensity of our industry I am confident that it is among the cheapest to provide job opportunity, meaning the amount of investment needed as opposed to drilling an oil well or something of that nature where you would have highly skilled and very high paid people, I am sure that our average for job creation is much lower.

So the greater amount of money that would increase as the total economic share of the industry, obviously the employment would go up significantly. And, besides that, you are talking also about people in many cases who would be possibly skirting the employment-unemployment border and if those people could be provided with the job opportunity you would actually be doing a double service because you are taking them off of unemployment and then they are becoming taxpayers and being gainfully employed and paying taxes and spending money themselves.

So I think it is a double shot for the Treasury.

Senator PRESSLER. My earlier question on employment I guess was sort of trying to get a feel for—I know that in my State and in many others there are great opportunities for students for summer jobs. There are great opportunities for women. I think the industry employs over half women, great opportunities for minorities.

I think it does a good job of employing minorities, women, students, entry level jobs, and so forth. This is a very positive thing on the one hand. On the other hand, do people get promotions? Is there a future in it for people, or is it something that they more or less stay at the entry level?

Mr. JULIANO. That is a good question. I have spent a number of years in the industry and so I hope maybe I can speak with a little bit of knowledge, and it has been roughly 20 years on both sides.

I do not think that the industry does nearly a good enough job of indicating to people that there are career opportunities and that they are permanent career opportunities. There has been a positive change.

When I started in 1961, it was a new cycle starting in the overall hotel, innkeeping, tourism industry, whatever term you would care to use. But I think in the minds of many people unfortunately it is viewed as just a transient industry of, you know, I am going to law school and I can work as a bartender. There is a lot of that kind of thinking.

On the one hand, it is good because of course there are still job opportunities to allow people to better themselves and achieve upward economic mobility, but I think a lot more work needs to be done to indicate to people coming out of colleges and universities that there are enormous career opportunities and to not view this just as a stepping stone into something else but that in fact it could provide a livelihood and that you would be making a contribution.

I think that the timing now for that kind of activity would be absolutely perfect because of the continued projections for upward economic growth and employment opportunities in the industry. It is said that our industrial base is decayed and none of us want to

see that, and I am sure all of you will be looking for ways to remedy that.

But the fact remains, and I am not saying this in an opportunistic sense but in a realistic one, that our part of the service sector, that keeps growing and I do not know that enough emphasis is being paid to that. If Congress wants to look at ways for coming up in this budget or the next with retraining people to provide employment we have the ability as an industry to do that.

Senator PRESSLER. What do you think of section 4 of this bill, which creates six regional USTTA field offices within the United States?

Mr. JULIANO. I saw the first proposal, Senator, Wednesday so honestly I have not had a chance to study it. I have to be candid because we have worked very closely together that our preference—I think we are at kind of a watershed with all the effort that has been done over the last 10 or 11 years and the fact that you in Congress have created USTTA. I think we have an able administrator; I think she has got support, Mrs. Tuttle, from a widespread portion of the industry.

I believe that you are right at the opportunity in the history of this group to really expand it in a permanent nature and have OMB kind of disappear once and for all. I think that frankly one of the ways to do it would be to look at some overseas offices. Long before even you were able to come in and provide assistance and when I first started working on this project with Senator Inouye and his staff, that was one of the things that we always had coming at us every year.

You cannot have more funding because you have only got the same number of offices. And if you would look at and this committee would look at that as a possibility, if you were successful, only if it makes sense to establish some additional offices abroad on the basis that it would justify that use of moneys, in our opinion the ball game would be over as far as OMB is concerned.

I would say at the same time as that I would certainly urge whoever would be the appropriate group to study the kind of activity you are talking about because I do not want to be one who is going to reject any new idea categorically because we certainly need some ideas in this area.

But we would prefer, and my testimony alluded to it, as much money spent as possible for foreign promotion. So I would have to say we would stick by our consistent position which we have historically taken before your committee.

Senator PRESSLER. I guess that there are kind of two schools of thought here or two arenas, and this is not in any way antagonistic, but on the one hand you have what is the traditional tourism community, lobbying community, or whatever, the national tourism people that you run into in Washington who are the big hotels and the great chains and the great airlines. And they look upon this thing as bringing in foreign tourists.

I mean, their facilities are in our great cities. They bring in tourists. They bring them, not deliberately so, but to New York or Miami or San Francisco. It has been my efforts as chairman of this subcommittee to kind of work for all those small businessmen who are not represented in the national tourism lobby groups and who

really do not follow closely some of the affairs and probably some of those small unions and workers out there across the country.

So here we have kind of a surfacing of those two philosophies in a sense that I want to find a way to encourage. You know, we could have the regional commissions, but to encourage information and activities in all parts of the country and these cities are all kind of places that certainly are not remote but they are spread out across the country.

I think that a lot of your traditional groups that one would meet here in Washington who are here on tourism matters would be very appropriately—and I am not criticizing them, more the big hotel chains, the airlines that want to land in New York City and would probably just as soon fly over the rest of the country to San Francisco. So that is part of my philosophy.

I am trying to find a way to get more of those foreign tourists into the midlands and into the South and throughout our country. It is just a thought, but there is sort of those two philosophies. But as a Senator I sort of represent the public interest also. A lot of those small businessmen in smaller States, in smaller areas, really do not have anybody on the President's Tourism Advisory Council or the Senate Advisory Council who are able to make and buy the huge ads.

They are more or less I guess what the Senate is for and the House of Representatives. But that is the thinking behind it. It is the struggle to offset that. I know that there is going to be resistence to it from people who say well, let us get people over here and it will be sort of the traditional pattern. So that is what I am trying to do.

Mr. JULIANO. I think our bottom line is very much the same, and I am not ruling anything out. I am suggesting perhaps some additional consideration to your new ideas and I might add what you just said was probably the justification for the kinds of moneys that should be spent abroad and the reason why there is a Federal role for Government in the tourism industry—and that is to provide an umbrella for our country.

The private sector obviously cannot advertise in the generic sense, and I think that that is the role of the Government and that is the role that needs to be expanded. If we are able to get a larger share of the international market, which we certainly should, that, in my opinion, is going to benefit everyone, including those people in the midlands or the gateway cities or anywhere in the country, because if we increase the share of the market obviously it is going to pour over into all of those sectors.

Senator PRESSLER. Good. I thank you very much for your testimony.

Mr. JULIANO. Thank you very much.

[The statement follows:]

STATEMENT OF ROBERT E. JULIANO, LEGISLATIVE REPRESENTATIVE, HOTEL EMPLOYEES AND RESTAURANT EMPLOYEES INTERNATIONAL UNION, AFL-CIO

Mr. Chairman, on behalf of our general president, Edward T. Hanley, and the 400,000 members we proudly represent, may I say what a pleasure it is to appear before this distinguished subcommittee regarding S. 2520, a bill which would authorize appropriations for the United States Travel and Tourism Administration, and for other purposes.

It has been my honor to appear before this distinguished subcommittee numerous times on matters relating to tourism dating back to 1973. Even though we have been up here so many times talking about the same subject matter, we are grateful to you in Congress, and especially this subcommittee who have responded magnificently to the needs of the tourism industry, this is the lifeblood of our members since their livelihood is directly related to a healthy and prosperous industry.

Lest there be any doubt, tourism in our mind means one thing: jobs. A thriving industry means more job opportunity and job stability for our members. Total employment in the industry is well over 6 million men and women, almost 7% of the total workforce. As we have said often, there is no more labor intensive industry than ours. We are the chief employers of minorities, females, unskilled, and semiskilled workers, all categories where unemployment is the highest. The following information should indicate just what opportunity the tourism industry presents for the aforementioned categories:

Women constitute more than half of the travel industry workforce.

Minorities constitute about 14% of the total tourist industry workforce as against a 10% participation in the remainder of the workforce.

One-third of all youths aged 16–21 in the workforce are employed in the tourism industry.

We appear before you today Mr. Chairman, and strongly applaud and support your efforts in seeking a 14 million dollar authorization for USTTA as an appropriate funding level for the agency to carry out their duties in a propitious manner. While waiting the result of the industry marketing program, we feel that this level of funding is adequate and would certainly provide a base upon which to build additional increases as future programs warrant additional appropriations.

Mr. Chairman, our union has always supported requests for funding first for USTS and now for USTTA. Our position has been consistent and historic as it relates to the appropriate use of monies that are authorized by Congress and, that is, we believe that the largest number of dollars possible should be spent on foreign promotion through the 6 overseas offices to increase the number of international visitors to our great country. It is our concern that our country is not aggressive enough in marketing programs abroad and as a result our percentage of the world travel market should be much higher than it is. Obviously if more visitors come here it means continued employment and the prospect for additional employment for my members as well as for all others who work in the industry. In fact, we encourage the Congress to continue to look for appropriate regions abroad where we might strengthen our presence or in fact establish a new presence.

All of us are mindful of the tremendous economic concerns confronting the Congress and are aware of the problems with huge Federal deficits. It is difficult to pass any legislation in this climate without the pencil sharpeners starting to grind the funding figure down. However, funding for USTTA is one of the best investments that our Government can make, given the return on every dollar spent for foreign promotion.

Therefore, we would like to take this opportunity to thank you and the members of this subcommittee and the full committee for their constant and untiring efforts in our behalf. We look forward to working with all of you as the legislation unfolds, hopefully leading to a successful conclusion. Should you or any other members have any questions, I would be happy to answer them at this time.

Senator PRESSLER. We will have a markup next Tuesday. We thank the various people who have testified. We will be working on this bill some more with Senator Inouye and others and we welcome any further comments.

Is there any more business before the committee this morning? If not, the meeting is adjourned.

[Whereupon, at 11:06 o'clock a.m., the subcommittee adjourned, to reconvene upon the call of the Chair.]

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